

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY CANBERRA IMMEDIATE

AMEMBASSY OTTAWA

INFO ALL OECD CAPITALS IMMEDIATE

C O N F I D E N T I A L STATE 092576

EO 11652: GDS

TAGS: EGEN, OECD

SUBJECT: OECD CURRENT ACCOUNTS STANDSTILL

1. CANADIAN AND AUSTRALIAN EMBASSIES CALLED ON DEPARTMENT
MAY 3 TO OBTAIN US THINKING ON INCLUSION OF RESTRICTION ON
EXPORT CONTROLS IN SUGGESTED OECD SPONSORED PLEDGE NOT TO
TAKE RESTRICTIVE TRADE MEASURES IN ORDER TO DEAL WITH CON-
SEQUENCES OF CURRENT INTERNATIONAL ECONOMIC SITUATION. BOTH
CANADIANS AND AUSTRALIANS WERE PRIMARILY CONCERNED THAT
SIGNING ON TO PROPOSED OECD DECLARATION WOULD PROVIDE
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VEHICLE FOR OTHER SIGNATORIES TO ATTEMPT BLOCKAGE OF LONG-

TERM GOVERNMENT POLICY TO INCREASE DOMESTIC PROCESSING OF RAW MATERIALS.

2. IN RESPONSE THEIR QUERIES WE NOTED THAT PROPOSED DECLARATION WAS DESIGNED TO PROVIDE BROAD POLICY GUIDELINES FOR DEALING WITH CURRENT INTERNATIONAL ECONOMIC SITUATION AND SHOULD NOT REPEAT NOT IN OUR VIEW BECOME A DETAILED LEGAL INSTRUMENT. IN THIS CONTEXT, WE NOTED LONG-TERM CANADIAN AND AUSTRALIAN INDUSTRIALIZATION POLICIES ARE LARGELY INDEPENDENT OF SHORT-TERM PROBLEMS IN WORLD ECONOMY AS DEFINED IN THE DRAFT PLEDGE. ACTIONS IN RESPONSE TO LATTER SITUATION WOULD BE COVERED BY PLEDGE WHILE LONGER RUN PROBLEMS STEMING FROM INDUSTRIALIZATION POLICIES WOULD BE CONFRONTED IN OTHER CONTEXTS. (I.E. WE RESERVE OUR POSITION ON LONG TERM INDUSTRIALIZATION POLICIES.)

3. WE UNDERScored OUR VIEW THAT DECLARATION ITSELF SHOULD NOT SPELL OUT IN DETAIL POSSIBLE EXCEPTIONS OR INTERPRETATIONS. TO DO SO WOULD ONLY WEAKEN ITS MORAL AND POLITICAL IMPACT. WE ANTICIPATED, HOWEVER, THAT A "LEGISLATIVE HISTORY" IN THE FORM OF RECORDED STATEMENTS OF DELEGATIONS AND/OR SUMMARIZATION BY OECD SECRETARY GENERAL COULD BE USED TO SET OUT IN GREATER DETAIL UNDERSTANDINGS ON APPLICABILITY OF POINTS COVERED IN STANDSTILL DECLARATION. US FOR INSTANCE BELIEVES SUCH "LEGISLATIVE HISTORY" WILL NEED TO ADDRESS QUESTION OF RELATIONSHIP OF STANDSTILL TO SAFEGUARD ACTIONS PROVIDED FOR IN NATIONAL LEGISLATION.

4. WE SUMMED UP BY UNDERLINING IMPORTANCE OF CANADIAN AND AUSTRALIAN ADHERENCE TO EXPORT CONTROL PORTION OF PLEDGE IN ORDER TO ENSURE EUROPEAN AND JAPANESE AGREEMENT TO OVERALL DECLARATION. WE NOTED DECLARATION WAS NOT A PANACEA BUT WOULD HELP PROVIDE USEFUL COUNTERPOINT TO DOMESTIC PRESSURES FOR RESTRICTIVE ACTIONS TO DEAL WITH CURRENT INTERNATIONAL ECONOMIC SITUATION. AS SUCH IT WOULD HELP SERVE AS A BRAKE TO FURTHER RESTRICTIVE ACTIONS FOLLOWING ITALIAN EXAMPLE.

5. BOTH CANADIAN AND AUSTRALIAN EMBASSIES HERE EXPRESSED
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UNDERSTANDING FOR US POSITION AND WERE PARTICULARLY PLEASED TO NOTE THAT US DID NOT ENVISAGE STANDSTILL DECLARATION AS BACK DOOR MEANS FOR ESTABLISHING INTERNATIONAL PRECEDENT FOR OPPOSING THEIR BROAD INDUSTRIAL POLICY.

6. EMBASSIES OTTAWA AND CANBERRA SHOULD CALL UPON SENIOR LEVEL ECONOMIC OFFICIALS IN HOST GOVERNMENTS TO

REINFORCE OUR EFFORTS AS OUTLINED ABOVE (INCLUDING
RESERVATION ON LONG TERM INDUSTRIALIZATION POLICY).
(AUSTRALIANS SUGGESTED IT MIGHT BE USEFUL IF AMBASSADOR
GREEN PERSONALLY MADE ABOVE POINTS IN CANBERRA.) OECD
XCSS IS SCHEDULED DISCUSS DRAFT DECLARATION MAY 10 AND
EMBASSIES SHOULD THUS SEEK EARLY APPOINTMENTS.

7. SEPTTEL WILL FOLLOW LATER WITH BROADER INSTRUCTIONS
RE OECD DECLARATION. RUSH

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